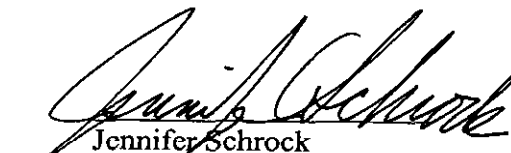


SUPPLEMENT  
BETWEEN THE  
DEPARTMENT OF DEFENSE  
OF THE UNITED STATES OF AMERICA  
ON BEHALF OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE  
UNDERSECRETARIAT FOR DEFENSE INDUSTRIES  
ON BEHALF OF THE MINISTRY OF NATIONAL DEFENSE  
OF THE GOVERNMENT OF THE REPUBLIC OF TURKEY  
UNDER THE MEMORANDUM OF UNDERSTANDING  
CONCERNING THE COOPERATIVE FRAMEWORK FOR  
SYSTEM DEVELOPMENT AND DEMONSTRATION OF THE  
JOINT STRIKE FIGHTER

Certified to be a true copy:



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## INTRODUCTION

The Department of Defense of the United States of America (U.S. DoD) on behalf of the Government of the United States of America and the Undersecretariat for Defense Industries on behalf of the Ministry of National Defense (TR MND-SSM) of the Government of the Republic of Turkey (GORT), hereinafter referred to as the "Participants":

Recognizing that this Supplement is subject to the Memorandum of Understanding among the Minister of National Defence of Canada, the Ministry of Defence of Denmark, the Ministry of Defence of the Republic of Italy, the State Secretary of Defence of the Kingdom of The Netherlands, the Ministry of Defence of the Kingdom of Norway, the Undersecretariat for Defense Industries on behalf of the Ministry of National Defense of the Government of the Republic of Turkey, the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland, and the Secretary of Defense on behalf of the Department of Defense of the United States of America concerning the Cooperative Framework for System Development and Demonstration of the Joint Strike Fighter (JSF SDD Framework MOU) and any amendments thereto;

Recognizing their efforts within the North Atlantic Treaty Organization to develop and maintain an advanced industrial and technological capability, and the importance of the mutual flow of defense procurement and technological know-how as well as an increased defense production capability for the security of both nations;

Desiring to improve their mutual conventional defense capabilities through the joint development, sharing and application of emerging technology through full cooperation on technology release throughout the System Development and Demonstration (SDD) Phase of the JSF Program and any cooperation in subsequent phases;

Having regard to the need of the U.S. Air Force for a Conventional Take-Off and Landing (CTOL) aircraft to replace the F-16 and A-10 aircraft, and the needs of the Turkish Air Force for a JSF aircraft to replace some of their current inventory of F-16 and F-4 aircraft;

Recognizing the TR MND-SSM's involvement in the JSF Concept Demonstration Phase via a Foreign Military Sales case; and

Desiring to enter into cooperation in the JSF SDD Phase with a view to subsequent cooperation in JSF developmental upgrades, production, and support;

Affirming that if the U.S. DoD and TR MND-SSM decide to extend their cooperation to JSF production and support, they will use their best efforts to ensure that such cooperation maximizes benefits (including financial) that will accrue to each of them;

Have reached the following understandings:

## SECTION I

### DEFINITIONS OF TERMS AND ABBREVIATIONS

The Participants have jointly decided upon the following definitions for terms used in this Supplement.

JSF Cooperative Project Personnel	TR Undersecretariat for Defense Industries and Turkish Air Force members or civilian employees assigned to the JSF Program Office or U.S. DoD field activities who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Project.
JSF Senior Warfighter Group	The operational community advisory group, chartered to support the JSF Program Office in the SDD Phase, that consists of representatives from the services of the JSF SDD Framework MOU Participants and which meets on an ad hoc basis.

## SECTION II

### OBJECTIVES AND SCOPE

2.1. The objective of this Supplement is to establish the detailed provisions concerning the responsibilities and benefits of the Participants under the Project in accordance with the JSF SDD Framework MOU.

2.2. The Participants intend to promote industrial and technological cooperation between the United States and Turkey during the JSF SDD Phase.

2.3. During the JSF SDD Phase, the Participants will design, develop, and qualify the JSF Air System which fulfills the joint Operational Requirements Document (ORD) dated 13 March 2000, and any changes thereto, and is as common to the U.S. Air System as is possible within U.S. national disclosure policies. The Participants intend to enhance interoperability between the U.S. DoD and the TR MND-SSM through JSF SDD Phase cooperation and any cooperation in subsequent phases.

2.4. The U.S. DoD will use its best efforts to provide the TR MND-SSM with the opportunity to obtain equipment and systems produced under U.S. DoD programs other than the JSF Program, to the extent that such equipment and systems are needed to meet the JSF Air System performance requirements specified in the joint ORD and further detailed in the Joint Model Specification (JMS).

2.5. The U.S. DoD and TR MND-SSM intend to pursue future cooperation in JSF developmental upgrades, production, and support under separate arrangements, or amendments to the JSF SDD Framework MOU and this Supplement.

### SECTION III

#### MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

3.1. The JSF SDD Framework MOU established the Executive Committee (EC) and provided that the U.S. DoD EC representative shall be the JSF Program Director (or successor in the event of reorganization). The TR MND-SSM EC representative shall be the Deputy Undersecretary for Defense Industries (TR SSM) (or successor in the event of reorganization).

3.2. The JSF SDD Framework MOU also provided for plenary EC meetings. The U.S. DoD and the TR MND-SSM EC representatives shall hold semi-annual U.S. DoD-TR MND-SSM-only meetings, if necessary, to address issues of concern to the Supplement; additional meetings shall be held at the request of either representative, when appropriate, giving one month's notice to the other. The Participant hosting the Supplement-specific EC meeting shall chair the meeting, unless otherwise mutually determined. In addition to the Supplement-specific EC responsibilities contained in paragraph 4.5 of the JSF SDD Framework MOU, the following EC responsibilities under this Supplement shall require mutual agreement:

3.2.1. Approving the U.S. DoD-TR MND-SSM JSF Program Office Integrated Project Team (IPT) Personnel Description Document (PDD).

3.2.2. Amending Annex A (Supplement Management Structure).

3.3. The U.S. DoD and TR MND-SSM EC representatives shall also promptly apprise and consult on any matters that affect the Supplement and resolve any issues brought forth by the Director, JSF International Directorate (JSF/ID) and the TR National Deputy.

3.4. In addition to the responsibilities related to the Supplement described in paragraph 4.7 of the JSF SDD Framework MOU, the Director, JSF/ID, shall be responsible for:

3.4.1. Preparing, in conjunction with the TR National Deputy, a U.S. DoD/TR MND-SSM JSF Program Office IPT PDD for the approval of the U.S. DoD and TR MND-SSM EC members.

3.4.2. Referring to the U.S. DoD and TR MND-SSM EC members issues related to the Supplement that the Director, JSF/ID cannot resolve.

3.4.3. Accountability to the U.S. DoD and TR MND-SSM EC members for timely release of Project Information furnished by the U.S. DoD to both GORT IPT members and GORT personnel based in Turkey.

3.5. The TR MND-SSM shall provide a National Deputy in accordance with Annex A, who shall be assigned to IPTs within the JSF Program Office and U.S. DoD field activities. Specific TR National Deputy responsibilities are identified in Section 3.6 below. Specific IPT responsibilities for TR MND-SSM personnel shall be identified in the U.S. DoD/TR MND-SSM JSF Program Office IPT PDD. Additionally, Annex B (JSF Cooperative Project Personnel) establishes provisions for the general conduct of TR MND-SSM personnel located in the JSF Program Office and U.S. DoD field activities. Annex A (Supplement Management Structure) depicts the management structure established for this Supplement.

3.6. In addition to assigned IPT responsibilities, the TR National Deputy shall be responsible for:

3.6.1. Supporting the Director, JSF/ID in the day-to-day administrative management of both the JSF SDD Framework MOU and this Supplement, to include oversight of the TR MND-SSM assigned staff.

3.6.2. Providing day-to-day TR MND-SSM representation within the JSF Program Office on all matters related to the Project to ensure effective TR MND-SSM insight into the Project.

3.6.3. Assisting the JSF/ID in developing the Financial Management Procedures Document (FMPD), Project Security Instruction and Classification Guide, and IPT PDD.

3.6.4. Serving as an observer in the change control and approval process for the Contract Specification.

3.6.5. Performing other tasks, as may be assigned by the Director, JSF/ID.

3.7. GORT military personnel and civilian employees not assigned to the JSF Program Office in the United States of America may attend JSF Program Reviews, Engineering Technical Meetings, and other similar events, subject to the



requirements of Section X (Visits to Establishments) of the JSF SDD Framework MOU and subject to the approval of the Director, JSF/ID and the TR MND-SSM.

3.8. Representatives from the Participants' operational communities will participate in the JSF Senior Warfighter Group.

3.9. In the event external audits concerning the Project are conducted by the supreme audit institutions of the Participants' nations, such reports will be provided by the applicable Participant to the EC representative of the other Participant.

## SECTION IV

### FINANCIAL PROVISIONS

4.1. In keeping with the requirements of paragraph 5.4 Section V (Financial Provisions) of the JSF SDD Framework MOU, which reflects that the sharing of Project costs will be equitable, the Participants set forth the following provisions regarding their equitable contributions to the Project. The U.S. DoD share of the Financial Cost Target is established in Section V (Financial Provisions) of the JSF SDD Framework MOU. The TR MND-SSM share of the Financial Cost Target of the Project, as identified in paragraph 5.2 of Section V (Financial Provisions) of the JSF SDD Framework MOU, is \$175 million Then Year U.S. Dollars. In no event shall this TR MND-SSM share be increased without the written consent of the TR MND-SSM. The Participants recognize that TR MND-SSM intends to pursue making additional contributions not to exceed \$75 million Then Year U.S. Dollars, subject to mutual agreement. Any such additional contributions shall be reflected in an amendment to this Supplement.

4.2. In the event that the actual total cost of the Project (including overhead costs, administrative costs, and the cost of claims) is less than the Financial Cost Target identified in paragraph 5.2 of Section V (Financial Provisions) of the JSF SDD Framework MOU, the Participants will endeavor to ensure that the TR MND-SSM receives any difference between (1) the TR MND-SSM financial contributions actually provided to the Project and (2) the TR MND-SSM's share of the actual total cost of the Project (which share will be in the same proportion as its proportion of the Financial Cost Target).

4.3. The TR MND-SSM non-financial contribution includes the personnel assigned to the JSF Program Office and DoD field activities in accordance with Annex A (Supplement Management Structure).

4.4. U.S. DoD research and development costs incurred for the Air System shall not apply to any Air Systems that may be exported to the TR MND-SSM pursuant to U.S. commercial export licenses in accordance with any future cooperative production arrangements. On any future foreign military sale by the U.S. Government to the Turkish Government of the Air System, the U.S. DoD shall consider excluding from the price of the Air System all of the U.S. DoD research and development costs incurred for the Air System, provided that the TR MND-SSM does not withdraw from the JSF SDD Framework MOU and this Supplement. In the case of TR MND-SSM

withdrawal, the financial contribution made by the TR MND-SSM up to the date of withdrawal shall be taken into consideration regarding any such future foreign military sale. In any event, the amount of the contribution of the TR MND-SSM to the Project will be excluded from the price of any Air System sold by the U.S. Government to the Turkish Government.

4.5. The Participants recognize that pursuant to paragraph 12.7 of the JSF SDD Framework MOU, they will be given the opportunity to receive levies from sales and other transfers to Third Parties of equipment developed under that MOU.

4.6. Recognizing that it is important to both Participants to minimize the exchange rate risk upon the cost of the Project, the Participants will use their best efforts to formulate a solution.

## SECTION V

### CONTRACTING PROVISIONS

5.1. The Participants recognize that the provisions of Supplementary Agreement Number 2 Between the Governments of the United States of America and of the Republic of Turkey on Defense Industrial Cooperation of 29 March 1980 establish the principle that full consideration will be given to all qualified industrial resources in each country.

5.2. The U.S. DoD will provide the TR MND-SSM with insight into the subcontracting for the Project via IPT participation, attendance at Program Management Reviews, and access to the JSF Program Office electronic network. The Participants recognize the importance to the Project of subcontracting competitions that are conducted fairly and provide best value.

## SECTION VI

### JOINTLY ACQUIRED EQUIPMENT

6.1. In those instances in which the U.S. DoD elects to dispose of Jointly Acquired Equipment by transferring such equipment to another Participant in accordance with paragraph 7.6 of the JSF SDD Framework MOU, the U.S. DoD will offer that equipment to each of the Participants of the JSF SDD Framework MOU in order of the magnitude of their financial contributions to the Project. The U.S. DoD will consult with the TR MND-SSM and the other JSF SDD Framework MOU Participants in order to achieve a distribution of this Jointly Acquired Equipment in proportion to the Participants' financial contributions.